

**FSBM HOLDINGS BERHAD**

Registration No.: 198401003091 (115609-U)  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2024**

**FSBM HOLDINGS BERHAD**  
Registration No.: 198401003091 (115609-U)  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2024**

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**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

**RESULTS**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial year attributable to:		
Owners of the Company	995	4,270
Non-controlling interests	15	-
	<u>1,010</u>	<u>4,270</u>

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

**RESERVES AND PROVISIONS**

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

**ISSUANCE OF SHARES OR DEBENTURES**

During the financial year, the Company increased its issued and paid-up capital from RM21,366,891 to RM22,922,027 by the issuance of 31,102,720 new ordinary shares at an issue price of RM0.05 per share pursuant to the conversion of Warrants B 2023/2028 ("Warrants B").

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year.

## **WARRANTS B 2023/2028**

During the financial year, 31,102,720 units of Warrants B were converted at an exercise price of RM0.05 per Warrant B. As at 31 December 2024, the total number of Warrants B that remained unexercised amounted to 80,436,470.

The principal terms of the Warrants are disclosed in Note 20(b) to the financial statements.

## **DIRECTORS OF THE COMPANY**

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Tan Hock San @ Tan Hock Ming^  
Mok Kar Foo  
Ng Yew Soon  
Pang Kiew Kun\*  
Tan Wan Yen  
Tey Giap Turn  
Chew Sir Boon

(Appointed on 31 October 2024)

^ On 22 April 2024, the Director resigned from the subsidiaries but remained as a Director of the Company.

\* The Director is also the Director of subsidiaries included in the financial statements of the Group.

## **DIRECTORS OF SUBSIDIARIES OF THE COMPANY**

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Liew Yew Soon  
Low Kang Wei  
Ng Kok Kiong  
Ting Teck Kai  
Dato' Ir Dr Abdul Rahim bin Daud  
Tan Ee Ern  
Dato's Sri Chin Kok Foong

(Resigned on 22 April 2024)

(Resigned on 22 April 2024)

(Appointed on 1 November 2024)

**DIRECTORS' INTERESTS**

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

<b>Name of Director</b>	<b>Number of Ordinary Shares</b>		
	<b>At 1 January 2024 Unit</b>	<b>Bought Unit</b>	<b>Sold Unit</b>
<b>Ordinary shares in the FSBM Holdings Berhad</b>			<b>At 31 December 2024 Unit</b>
Direct interest:			
- Pang Kiew Kun	<u>38,068,600</u>	<u>-</u>	<u>-</u>
Indirect interest*:			
- Dato' Tan Hock San @ Tan Hock Ming <sup>(1)</sup>	<u>2,400</u>	<u>-</u>	<u>-</u>
			<u>2,400</u>

<sup>(1)</sup> Deemed interest via his daughter by virtue of Section 8 of the Companies Act 2016.

	<b>Number of Warrants B 2023/2028</b>		
	<b>At 1 January 2024 Unit</b>	<b>Issued Unit</b>	<b>Disposed Unit</b>
<b>Warrants 2023/2028</b>			<b>At 31 December 2024 Unit</b>
Direct interest:			
- Pang Kiew Kun	<u>9,639,300</u>	<u>-</u>	<u>(6,595,150)</u>
Indirect interest*:			
- Dato' Tan Hock San @ Tan Hock Ming <sup>(1)</sup>	<u>600</u>	<u>-</u>	<u>-</u>
			<u>600</u>

<sup>(1)</sup> Deemed interest via his daughter by virtue of Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

## DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	<b>Company RM'000</b>
Directors' fee	154
Directors' salaries and bonus	353
Contributions to statutory contribution	44
Other emoluments	43
	<hr/>
	594
	<hr/>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

**OTHER STATUTORY INFORMATION** (cont'd)

- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
  - (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are disclosed in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

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**AUDITORS**

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2025.

TAN WAN YEN

PANG KIEW KUN



**FSBM HOLDINGS BERHAD**  
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**STATEMENT BY DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2025.

TAN WAN YEN

PANG KIEW KUN

**STATUTORY DECLARATION**

Pursuant to Section 251(1) of the Companies Act 2016

I, Wong Jing Kai, being the Officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 13 to 83 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed  
at  
on 30 April 2025

WONG JING KAI

Before me,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FSBM HOLDINGS BERHAD**

Registration No.: 198401003091 (115609-U)  
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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of FSBM Holdings Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements including material accounting policy information, as set out on pages 13 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Requirements*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FSBM HOLDINGS BERHAD (cont'd)**

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**Key Audit Matters – Group**

**Software development costs**

As disclosed in Note 10 to the financial statements, the Group has capitalised software development costs amounting to RM3,687,681 during the financial year ended 31 December 2024.

MFRS 138 *Intangible Assets* sets out the criteria for recognising an intangible asset and these criteria include the ability to demonstrate technical feasibility and future economic benefit, intention to complete the asset, ability to use or sell the asset, and the ability to reliably measure the costs attributable to the asset whereas MFRS 136 *Impairment of Assets* requires an intangible asset that is not yet available for use to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication of impairment.

The capitalisation of software development costs involves significant management judgment regarding whether the costs meet the recognition criteria and it is subject to varying degrees of estimation and interpretation of the underlying facts. Similarly, the impairment test involves estimating the recoverable amount of the intangible asset, which requires significant judgment, including the determination of future cash flows and the appropriate discount rate. Given the complexity of the assessment and the materiality of the amounts involved, this was considered a key audit matter.

***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to evaluate management's assumptions and judgement to determine the development phase of the software to be developed:

- Evaluated the Group's assessment of whether the software development costs meet the criteria for capitalisation under MFRS 138 *Intangible Assets*;
- Examined project documentation, such as project plans and budgets, to assess whether the criteria for capitalisation were met at the relevant stages of development;
- Evaluated the reasonableness of the Board of Directors' identification of the cash generating unit ("CGU"), to which each individual development project belongs to, by understanding the business model of the Group;
- Evaluated the key assumptions and judgments made by management, based on Board-approved budgets, regarding the expected future economic benefits of the software and the reliability of cost allocations using discounted future cash flows—representing the recoverable amounts—and further reviewed these assumptions in the cash flow projections and forecasts, including growth rate, gross margin, and discount rate, against our knowledge of the Group's historical performance and business context;
- Performed the sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amounts of the intangible assets; and
- Performed verification of capitalised development costs, including reviewing cost allocations to ensure that only directly attributable costs were capitalised.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FSBM HOLDINGS BERHAD (cont'd)**  
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**Key Audit Matters – Company**

We have determined that there is no key audit matter to communicate in our report which arose from the audit of the financial statements of the Company.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Annual Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements of the Company**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FSBM HOLDINGS BERHAD (cont'd)**

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**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FSBM HOLDINGS BERHAD (cont'd)**

Registration No.: 198401003091 (115609-U)  
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**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

Petaling Jaya, Selangor  
Date: 30 April 2025

CHUAH SOO HUAT  
03002/07/2026 J  
Chartered Accountant

**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Revenue	4	17,177	12,834	874	923
Cost of sales		(10,477)	(5,956)	-	-
<b>Gross profit</b>		6,700	6,878	874	923
Other income		167	64	4,895	21
Administrative expenses		(2,651)	(1,680)	(992)	(731)
Selling and marketing expenses		(954)	(371)	(36)	(26)
Other expenses		(2,201)	(2,702)	(447)	(2,120)
<b>Profit/(loss) from operations</b>		1,061	2,189	4,294	(1,933)
Finance cost		(20)	(7)	-	-
<b>Profit/(loss) before tax</b>	5	1,041	2,182	4,294	(1,933)
Tax expense	6	(31)	(322)	(24)	-
<b>Profit/(loss) net of tax, for the financial year, representing total comprehensive income for the financial year</b>		<u>1,010</u>	<u>1,860</u>	<u>4,270</u>	<u>(1,933)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		995	1,927	4,270	(1,933)
Non-controlling interests		15	(67)	-	-
		<u>1,010</u>	<u>1,860</u>	<u>4,270</u>	<u>(1,933)</u>
<b>Basic earning per ordinary share (sen)</b>	7	<u>0.20</u>	<u>0.75</u>		
<b>Diluted earning per ordinary share (sen)</b>	7	<u>0.18</u>	<u>0.57</u>		

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

**FSBM HOLDINGS BERHAD**  
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**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	8	4,725	1,523	-	-
Right-of-use assets	9	1,569	75	-	-
Intangible assets	10	5,488	1,884	6	6
Investment in subsidiaries	11	-	-	650	100
Deferred tax assets	12	394	278	-	-
Other receivables	16	2,183	-	-	-
		<u>14,359</u>	<u>3,760</u>	<u>656</u>	<u>106</u>
<b>Current assets</b>					
Inventories	13	14	-	-	-
Trade receivables	14	8,522	6,641	2,394	2,020
Contract assets	15	407	116	-	-
Other receivables	16	1,900	1,359	14,343	6,379
Other investment	17	7	7	-	-
Tax recoverable		205	-	-	-
Cash and cash equivalents		<u>3,740</u>	<u>14,034</u>	<u>1,379</u>	<u>9,611</u>
		<u>14,795</u>	<u>22,157</u>	<u>18,116</u>	<u>18,010</u>
<b>TOTAL ASSETS</b>		<u><u>29,154</u></u>	<u><u>25,917</u></u>	<u><u>18,772</u></u>	<u><u>18,116</u></u>



**FSBM HOLDINGS BERHAD**  
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**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024** (cont'd)

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	18	22,922	21,367	22,922	21,367
Treasury shares	19	(712)	(712)	(712)	(712)
Reserves	20	3,624	3,624	-	-
Retained earnings/ (Accumulated losses)		551	1,486	(7,539)	(11,809)
<b>Equity attributable to</b>					
<b>Owners of the Company</b>		26,385	25,765	14,671	8,846
Non-controlling interests		(176)	(2,129)	-	-
<b>Total equity</b>		<b>26,209</b>	<b>23,636</b>	<b>14,671</b>	<b>8,846</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	21	1,345	19	-	-
Deferred tax liabilities	12	70	101	-	-
		1,415	120	-	-
<b>Current liabilities</b>					
Trade payables	22	54	144	32	32
Contract liabilities	15	36	464	-	-
Other payables	23	1,189	1,333	4,062	9,238
Lease liabilities	21	251	58	-	-
Tax payables		-	162	7	-
		1,530	2,161	4,101	9,270
<b>TOTAL LIABILITIES</b>		<b>2,945</b>	<b>2,281</b>	<b>4,101</b>	<b>9,270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,154</b>	<b>25,917</b>	<b>18,772</b>	<b>18,116</b>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

**FSBM HOLDINGS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		<-----Attributable to Owners of the Company----->							<-----Non-distributable----->		
	Note	Share Capital RM'000	Other Reserve* RM'000	Subtotal RM'000	Treasury Shares RM'000	Capital Reduction Reserve RM'000	Warrants Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests ("NCI") RM'000	Total Equity RM'000
2024 Group At 1 January		21,367	(1,936)	19,431	(712)	3,624	1,936	1,486	25,765	(2,129)	23,636
Transactions with Owners of the Company:											
Conversion of Warrants	18,20	1,555	541	2,096	-	-	(541)	-	1,555	-	1,555
Disposal of subsidiary	11	-	-	-	-	-	-	-	-	8	8
Transactions with NCI:											
- disposed subsidiaries	11	-	-	-	-	-	-	(1,275)	(1,275)	1,275	-
- existing subsidiary	11	-	-	-	-	-	-	(655)	(655)	655	-
Total transactions with Owners of the Company		1,555	541	2,096	-	-	(541)	(1,930)	(375)	1,938	1,563
Profit net of tax, for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	995	995	15	1,010
At 31 December		22,922	(1,395)	21,527	(712)	3,624	1,395	551	26,385	(176)	26,209

**FSBM HOLDINGS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (cont'd)**

<div> <div>-----Attributable to Owners of the Company-----&gt;</div> <div>&lt;-----Non-distributable-----&gt;</div> </div>											
	Note	Share Capital RM'000	Other Reserve * RM'000	Subtotal RM'000	Treasury Shares RM'000	Capital Reduction Reserve RM'000	Warrants Reserve RM'000	(Accumulated losses)/ Retained Earnings RM'000	Total RM'000	Non- Controlling Interests ("NCI") RM'000	Total Equity RM'000
<b>2023</b>											
<b>Group</b>											
<b>At 1 January</b>		24,314	-	24,314	(712)	-	-	(11,109)	12,493	(2,062)	10,431
<b>Transactions with Owners of the Company:</b>											
Shares issuance	18	4,800	-	4,800	-	-	-	-	4,800	-	4,800
Capital reduction	18,20	(14,292)	-	(14,292)	-	3,624	-	10,668	-	-	-
Right issue with warrants	18,20	7,099	(2,054)	5,045	-	-	2,054	-	7,099	-	7,099
Expenses set off against Share Capital in relation to Share Issuance and Rights Issue with Warrants	18,20	(893)	-	(893)	-	-	-	-	(893)	-	(893)
Conversion of Warrants	18,20	339	118	457	-	-	(118)	-	339	-	339
<b>Total transactions with Owners of the Company</b>		(2,947)	(1,936)	(4,883)	-	3,624	1,936	10,668	11,345	-	11,345
Profit/(loss) net of tax, for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	1,927	1,927	(67)	1,860
<b>At 31 December</b>		21,367	(1,936)	19,431	(712)	3,624	1,936	1,486	25,765	(2,129)	23,636

**FSBM HOLDINGS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (cont'd)**

	Note	<-----Non-distributable----->					Accumulated Losses RM'000	Total Equity RM'000
		Share Capital RM'000	Others Reserve* RM'000	Subtotal RM'000	Treasury Shares RM'000	Warrants Reserve RM'000		
<b>2024</b>								
<b>Company</b>								
<b>At 1 January</b>		21,367	(1,936)	19,431	(712)	1,936	(11,809)	8,846
<b>Transactions with Owners of the Company:</b>								
Conversion of Warrants, representing total transactions with Owners of the Company	18,20	1,555	541	2,096	-	(541)	-	1,555
Profit net of tax, for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	4,270	4,270
<b>At 31 December</b>		<u>22,922</u>	<u>(1,395)</u>	<u>21,527</u>	<u>(712)</u>	<u>1,395</u>	<u>(7,539)</u>	<u>14,671</u>

**FSBM HOLDINGS BERHAD**  
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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024** (cont'd)

	Note	<-----Non-distributable----->			Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
		Share Capital RM'000	Others Reserve* RM'000	Subtotal RM'000				
<b>2023</b>								
<b>Company</b>								
<b>At 1 January</b>		24,314	-	24,314	(712)	-	(24,168)	(566)
<b>Transactions with Owners of the Company:</b>								
Shares issuance	18	4,800	-	4,800	-	-	-	4,800
Capital reduction	18	(14,292)	-	(14,292)	-	-	14,292	-
Rights issue with warrants	18,20	7,099	(2,054)	5,045	-	2,054	-	7,099
Expenses set off against Share Capital in relation to Share Issuance and Rights								
Issue with Warrants	18	(893)	-	(893)	-	-	-	(893)
Conversion of Warrants	18,20	339	118	457	-	(118)	-	339
<b>Total transactions with Owners of the Company</b>		(2,947)	(1,936)	(4,883)	-	1,936	14,292	11,345
Loss net of tax, for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	(1,933)	(1,933)
<b>At 31 December</b>		21,367	(1,936)	19,431	(712)	1,936	(11,809)	8,846

\* The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>					
Profit/(loss) before tax		1,041	2,182	4,294	(1,933)
<i>Adjustments for:</i>					
Depreciation of plant and equipment		667	460	-	-
Depreciation of right-of-use assets		101	94	-	-
Amortisation of intangible assets		132	41	-	-
Fair value gain on other investment		-	(3)	-	-
Impairment loss on amounts due from subsidiaries		-	-	18	513
Gain on disposal of a subsidiary	11(iii)	(15)	-	-	-
Waiver of amounts due to subsidiaries		-	-	(4,815)	-
Plant and equipment written off		79	-	-	-
Interest expense on lease liabilities		20	7	-	-
Interest income:					
- finance lease		(27)	(10)	-	-
- bank interest		(80)	(21)	(80)	(21)
Unrealised loss/(gain) on foreign		31	(19)	-	-
Operating profit/(loss) before changes in working capital		1,949	2,731	(583)	(1,441)
<i>Changes in working capital:</i>					
Receivables		(4,601)	(1,372)	(374)	58
Payables		(199)	(1,957)	(296)	(95)
Inventories		(14)	-	-	-
Contract assets		(291)	702	-	-
Contract liabilities		(428)	464	-	-
<b>Cash (used in)/from operations</b>		<b>(3,584)</b>	<b>568</b>	<b>(1,253)</b>	<b>(1,478)</b>
Income tax paid		(545)	(428)	(17)	-
Interest paid		(4)	(7)	-	-
Interest received		107	31	80	21
<b>Net cash used in operating activities</b>		<b>(4,026)</b>	<b>164</b>	<b>(1,190)</b>	<b>(1,457)</b>

**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (cont'd)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(cont'd)					
<b>Cash Flows from Investing Activities</b>					
Additional investments in subsidiaries		-	-	(550)	-
Purchase of plant and equipment		(3,993)	(337)	-	-
Acquisition of right-of-use	9(i)	(27)	-	-	-
Additions of intangible assets		(3,736)	(1,520)	-	(1)
Net cash outflow from disposal of subsidiaries	11(iii)	(11)	-	-	-
Advances to subsidiaries		-	-	(7,982)	(949)
Repayment to subsidiaries		-	-	(65)	(157)
Advance from/(repayment to) Directors		9	(27)	-	(2)
<b>Net cash used in investing activities</b>		<b>(7,758)</b>	<b>(1,884)</b>	<b>(8,597)</b>	<b>(1,109)</b>
<b>Cash Flows from Financing Activities</b>					
Proceed from issuance of shares, net of share issuance expenses	18	-	11,006	-	11,006
Warrants conversion	18	1,555	339	1,555	339
Repayment of lease liabilities	(i)(ii)	(65)	(94)	-	-
<b>Net cash from financing activities</b>		<b>1,490</b>	<b>11,251</b>	<b>1,555</b>	<b>11,345</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,294)</b>	<b>9,531</b>	<b>(8,232)</b>	<b>8,779</b>
Cash and cash equivalents at beginning of the financial year		14,034	4,503	9,611	832
Cash and cash equivalents at end of the financial year, represented by cash and bank balance only		3,740	14,034	1,379	9,611

**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024** (cont'd)

**Note:**

- (i) Cash outflow for leases as a lessee is as follows:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>RM</b>	<b>RM</b>
<b>Included in net cash used in operating activities:</b>		
- Interest paid in relation to lease liabilities	4	7
- Payment related to short-term leases	160	8
<b>Included in net cash from financing activities:</b>		
- Payment for the principal portion of lease liabilities	65	94
Total cash outflows for leases	<u>229</u>	<u>109</u>

- (ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<b>Lease liabilities</b>
	<b>RM'000</b>
<b>Group</b>	
<b>2024</b>	
At beginning of the financial year	77
Addition of leases [Note 9(i)]	1,568
Accrued interest	16
Interest payment	4
Repayment	(69)
Net changes from financing cash flows	(65)
At end of the financial year	<u>1,596</u>
<b>2023</b>	
At beginning of the financial year	171
Interest payment	7
Repayment	(101)
Net changes from financing cash flows	(94)
At end of the financial year	<u>77</u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.



**FSBM HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024**

**1. CORPORATE INFORMATION**

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal place of business of the Company is located at L3-02, KYM Tower 8, Jalan PJU 7/6, PJU 7, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 30 April 2025.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements as below:

**(i) Accounting pronouncements that are effective and adopted during the financial year**

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the Company.

## 2. BASIS OF PREPARATION (cont'd)

### (a) Statement of compliance (cont'd)

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

##### ***Effective for financial periods beginning on or after 1 January 2025***

Amendments to MFRS 121	Lack of Exchangeability
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##### ***Effective for financial periods beginning on or after 1 January 2026***

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards – Volume 11

##### ***Effective for financial periods beginning on or after 1 January 2027***

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

##### ***Effective date to be announced***

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial applications, except as described below:

#### **MFRS 18 Presentation and Disclosure in Financial Statements**

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management-defined performance measures are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

**2. BASIS OF PREPARATION (cont'd)**

**(a) Statement of compliance (cont'd)**

**(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted (cont'd)**

**MFRS 18 Presentation and Disclosure in Financial Statements (cont'd)**

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

**(b) Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

**(c) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

**(d) Use of estimates and judgments**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Revenue (Note 4)
- (ii) Intangible assets (Note 10)
- (iii) Deferred tax assets (Note 12)

### **3. OTHER MATERIAL ACCOUNTING POLICIES**

#### **(a) Basis of consolidation**

##### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and reserves that relate to the subsidiary is recognised as gain or loss on disposal.

##### Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

##### Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

##### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

### **3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)**

#### **(b) Financial instruments**

##### **(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### **(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

###### ***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### **(a) Amortised cost**

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(c)(i)] where the effective interest rate is applied to the amortised cost.

**3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)**

**(b) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement (cont'd)**

***Financial assets* (cont'd)**

**(b) Fair value through profit or loss**

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(c)(i).

***Financial liabilities***

**Amortised cost**

Other financial liabilities categorized as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**(iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### **3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)**

#### **(b) Financial instruments (cont'd)**

##### **(iv) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### **(v) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **(c) Impairment of assets**

##### **(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

- (i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (c) Impairment of assets

##### (i) Financial assets (cont'd)

###### Simplified approach – trade receivables

The Group and the Company apply the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

###### General approach – other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset suffers past due events.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.



### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (c) Impairment of assets (cont'd)

##### (i) Financial assets (cont'd)

###### Credit impaired financial assets

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

###### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

##### (ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)****(c) Impairment of assets (cont'd)****(ii) Non-financial assets (cont'd)**

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

**4. REVENUE**

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers					
Point in time					
Intelligent application and digital solutions		6,852	1,118	-	-
Over time					
Intelligent application and digital solutions	(i)	4,358	8,505	-	-
Managed security service	(ii)	649	1,131	-	-
Smart manufacturing solutions	(iii)	4,143	1,506	-	-
Management fees		-	-	874	923
		9,150	11,142	874	923
Other revenue					
Intelligent application and digital solutions - lease services	(iv)	1,175	574	-	-
		17,177	12,834	874	923

#### 4. REVENUE (cont'd)

The following table shows unsatisfied performance obligations ("PO") resulting from Intelligent application and digital solutions, managed security service and smart manufacturing solutions:

(i) Intelligent application and digital solutions

(a) Platform design and development

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	688	13,321
Less: Cumulative revenue recognised		
- completed contracts	(688)	(13,321)
Unsatisfied PO as at 31 December	-	-

There is no unsatisfied PO as at year end.

(b) Technical support and maintenance

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	8,035	4,926
Less: Cumulative revenue recognised		
- on-going contracts	(2,360)	(2,441)
- completed contracts	(3,751)	(254)
Unsatisfied PO as at 31 December	1,924	2,231

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2023: 12 months).

(ii) Managed security service

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	2,280	2,139
Less: Cumulative revenue recognised		
- on-going contracts	-	(1,631)
- completed contracts	(2,280)	-
Unsatisfied PO as at 31 December	-	508

There is no unsatisfied PO as at year end. As for the prior financial year, the remaining unsatisfied are expected to be recognised as revenue within the next 12 months.

**4. REVENUE (cont'd)**

The following table shows unsatisfied performance obligations ("PO") resulting from Intelligent application and digital solutions, managed security service and smart manufacturing solutions: (cont'd)

**(iii) Smart manufacturing solutions**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	6,983	3,521
Less: Cumulative revenue recognised		
- on-going contracts	(1,631)	(1,492)
- completed contracts	(4,004)	(28)
Less: Terminated contracts	(195)	-
Unsatisfied PO as at 31 December	<u>1,153</u>	<u>2,001</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2023: 12 months).

**(iv) Intelligent application and digital solutions – lease services**

As of the reporting date, the Group has contracted with the lease for the following terms:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Lease rental receivables:</b>		
- Within 1 year	1,463	574
- More than 1 year but less than 2 years	-	264
	<u>1,463</u>	<u>838</u>

**4.1 Material accounting policy information****Revenue from contracts with customers**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

#### 4. REVENUE (cont'd)

##### 4.1 Material accounting policy information (cont'd)

###### Revenue from contracts with customers (cont'd)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

###### *Intelligent application and digital solutions*

###### Point in time

Revenue from Intelligent application and digital solutions is recognised at point in time upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts at which the customer obtains control of the promised goods or services.

###### Over time

###### (a) Platform design and development

The Group recognises revenue from platform design and development over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

#### **4. REVENUE (cont'd)**

##### **4.1 Material accounting policy information (cont'd)**

###### *Intelligent application and digital solutions (cont'd)*

###### Over time (cont'd)

###### **(a) Platform design and development (cont'd)**

The progress towards complete satisfaction of performance obligation is measured based on the input method and the output method to satisfy the performance obligation.

Revenue recognised using the input method is recognised progressively over time based on the percentage of completion by using the cost-to-cost method, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. In circumstances where the input method is not appropriate, revenue is recognised using the output method, which is based on the direct measurement of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

###### **(b) Technical support and maintenance services**

Revenue from technical support and maintenance services is recognised over time based on the output method:

- as the customer simultaneously receives and consumes the benefit provided by the Group's performance; and
- when services are rendered based on monthly usage by respective customer.

###### *Managed security service*

Revenue from managed security service is recognised over time based on the output method as the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the operational support generally takes 24 months to complete.

###### *Smart manufacturing solutions*

Revenue from smart manufacturing solutions is recognised over time based on the input method by reference to the progress towards complete satisfaction of that performance obligation.

###### *Management fee*

Revenue is recognised over time based on the output method when services are rendered.

###### *Other revenue – lease services*

Rental income is recognised based on contracts with fixed monthly fees over the term of the lease agreement.

#### 4. REVENUE (cont'd)

##### 4.2 Use of estimates and judgements

###### Platform design and development and smart manufacturing solutions

Revenue from platform design and development (under intelligent application and digital solutions) and smart manufacturing solutions is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the costs incurred for work performed to-date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinions/services of experts, past experience and a continuous monitoring mechanism.

#### 5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration:				
- Statutory audit	203	170	85	80
- Other services	5	5	5	5
Depreciation of plant and equipment	667	460	-	-
Depreciation of right-of-use assets	101	94	-	-
Amortisation of intangible assets	132	41	-	-
Waiver of amounts due to subsidiaries	-	-	(4,815)	-
Plant and equipment written off	79	-	-	-
Fair value gain on other investment	-	(3)	-	-
Employees benefit expenses [Note 5(a)]	4,427	3,740	973	727
Regularisation plan expenses	105	1,240	105	1,240

**5. PROFIT/(LOSS) BEFORE TAX (cont'd)**

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(cont'd)				
Impairment loss on amounts due from subsidiaries	-	-	18	513
Gain on disposal of subsidiary	(15)	-	-	-
Interest expense on lease liabilities	20	7	-	-
Interest income:				
- finance lease	(27)	(10)	-	-
- bank interest	(80)	(21)	(80)	(21)
Loss/(gain) on foreign exchange:				
- Realised	57	21	-	-
- Unrealised	31	(19)	-	-
Short-term leases	160	8	-	-

(a) Employees benefit expenses comprise of:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Staff costs</b>				
Salaries, bonus and wages	3,120	2,575	336	273
Contributions to statutory contribution	389	352	43	35
Other emoluments	36	13	-	-
	3,545	2,940	379	308
<b>Executive and Non-executive Directors</b>				
<b>Directors of the Company</b>				
Directors' fee	154	374	154	208
Directors' salaries	353	156	353	156
Contributions to statutory contribution	44	20	44	20
Other emoluments	43	35	43	35
	594	585	594	419



**5. PROFIT/(LOSS) BEFORE TAX (cont'd)**

(a) Employees benefit expenses comprise of: (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Directors of subsidiaries</i></b>				
Directors' salaries and allowances	252	190	-	-
Contributions to statutory contribution	33	25	-	-
Other emoluments	3	-	-	-
	<u>288</u>	<u>215</u>	<u>-</u>	<u>-</u>
Total employees benefit expenses	<u>4,427</u>	<u>3,740</u>	<u>973</u>	<u>727</u>

**6. TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax:</b>				
- Current year	122	540	19	-
- Under/(over)provision in prior year	56	(143)	5	-
	<u>178</u>	<u>397</u>	<u>24</u>	<u>-</u>
<b>Deferred tax (Note 12):</b>				
- Relating to (reversal)/ origination of temporary differences	(139)	1	-	-
- Overprovision in prior year	(8)	(76)	-	-
	<u>(147)</u>	<u>(75)</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>31</u>	<u>322</u>	<u>24</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

**6. TAX EXPENSE (cont'd)**

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) before tax	<u>1,041</u>	<u>2,182</u>	<u>4,294</u>	<u>(1,933)</u>
Tax at the Malaysian statutory income tax rate of 24% (2023: 24%)	250	524	1,031	141
Income not subject to tax	(18)	(7)	(1,156)	(114)
Tax effect arising from non-deductible expenses	261	92	144	41
Utilisation of previously unrecognised tax losses	(526)	(405)	-	(68)
Deferred tax recognised	(331)	-	-	-
Deferred tax not recognised	347	337	-	-
Overprovision of deferred tax in prior year	(8)	(76)	-	-
Under/(over)provision of income tax expense in prior year	<u>56</u>	<u>(143)</u>	<u>5</u>	<u>-</u>
	<u>31</u>	<u>322</u>	<u>24</u>	<u>-</u>

The Group and the Company have estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	119,674	120,970	62,945	62,945
Unabsorbed capital allowances	<u>2,447</u>	<u>1,997</u>	<u>415</u>	<u>415</u>
	<u>122,121</u>	<u>122,967</u>	<u>63,360</u>	<u>63,360</u>

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. In the announcement of Malaysia 2022 Budget, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from YA 2019.

## 6. TAX EXPENSE (cont'd)

### 6.1 Material accounting policy information

#### (a) Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

**7. EARNING PER ORDINARY SHARE****(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
Profit after tax attributable to the Owners of the Company (RM'000)	995	1,927
<b>Weighted average number of ordinary shares (excluding treasury shares)</b>		
Number of ordinary shares at beginning of the financial year ('000 units)	480,109	176,659
Effect of new ordinary shares issued ('000 units)	-	15,945
Effect of rights issue with warrants ('000 units)	-	62,893
Effect of exercise of Warrants ('000 units)	15,343	634
<b>Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)</b>	<b>495,452</b>	<b>256,131</b>
Basic earnings per ordinary share (sen)	0.20	0.75

**(b) Diluted**

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of dilutive potential ordinary shares.

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
Profit after tax attributable to the Owners of the Company (RM'000)	995	1,927
Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)	495,452	256,131
Effect of dilution:		
- Exercise of Warrants ('000 units)	66,765	84,071
Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)	562,217	340,202
Diluted earnings per share (sen)	0.18	0.57

**8. PLANT AND EQUIPMENT**

	Computer software and hardware* RM'000	Equipment* RM'000	Furniture fittings and office equipment RM'000	Leasehold improvement and office renovation RM'000	Machinery RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
<b>2024 Group Cost</b>								
At 1 January	1,706	-	53	328	-	132	-	2,219
Additions	59	2,000	-	-	148	252	1,534	3,993
Disposal	-	-	-	-	(45)	-	-	(45)
Written off	-	-	-	(100)	-	-	-	(100)
At 31 December	1,765	2,000	53	228	103	384	1,534	6,067
<b>Accumulated</b>								
At 1 January	595	-	8	50	-	43	-	696
Charge for the financial year	414	167	5	28	6	47	-	667
Written off	-	-	-	(21)	-	-	-	(21)
At 31 December	1,009	167	13	57	6	90	-	1,342
<b>Carrying amount</b>								
At 31 December	756	1,833	40	171	97	294	1,534	4,725

**8. PLANT AND EQUIPMENT (cont'd)**

	<b>Computer software and hardware* RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Leasehold improvement and office renovation RM'000</b>	<b>Machinery RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>2023</b>						
<b>Group</b>						
<b>Cost</b>						
At 1 January	1,596	53	328	-	132	2,109
Additions	110	-	-	227	-	337
Disposal	-	-	-	(227)	-	(227)
At 31 December	1,706	53	328	-	132	2,219
<b>Accumulated depreciation</b>						
At 1 January	201	2	17		16	236
Charge for the financial year	394	6	33		27	460
At 31 December	595	8	50	-	43	696
<b>Net carrying amount</b>						
At 31 December	1,111	45	278	-	89	1,523

\* Included in computer software and hardware and equipment of the Group are amounts of RM539,021 and RM1,833,333 (2023: RM894,717 and Nil) representing the carrying amount of computer software and hardware and equipment that are leased to customers.

## 8. PLANT AND EQUIPMENT (cont'd)

### 8.1 Material accounting policy information

(a) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

(b) Depreciation

Plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Computer software and hardware	5 years
Equipment	4 years
Furniture, fittings and office equipment	7 to 10 years
Leasehold improvement and office renovation	10 years
Machineries	5 years
Motor vehicles	5 years

Capital work in progress is stated at cost less any accumulated impairment losses and includes borrowings cost incurred during the period. No depreciation is provided on capital work in progress and upon completion, the cost will be depreciated accordingly.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

## 9. RIGHT-OF-USE-ASSETS

	Note	Motor vehicle RM'000	Office premise RM'000	Total RM'000
<b>Group</b>				
<b>2024</b>				
<b>Cost</b>				
At 1 January		-	233	233
Addition	(i)	267	1,328	1,595
Expiry of lease		-	(102)	(102)
At 31 December		267	1,459	1,726
<b>Accumulated depreciation</b>				
At 1 January		-	158	158
Charge for the financial year		9	92	101
Expiry of lease		-	(102)	(102)
At 31 December		9	148	157
<b>Net carrying amount</b>				
At 31 December		258	1,311	1,569

**9. RIGHT-OF-USE-ASSETS (cont'd)**

	<b>Motor vehicle RM'000</b>	<b>Office premise RM'000</b>	<b>Total RM'000</b>
<b>2023</b>			
<b>Cost</b>			
At 1 January/31 December	-	233	233
<b>Accumulated depreciation</b>			
At 1 January	-	64	64
Charge for the financial year	-	94	94
At 31 December	-	158	158
<b>Net carrying amount</b>			
At 31 December	-	75	75

(i) Addition of right-of-use assets

	<b>2024 RM'000</b>
Cash payment	27
Financed through lease arrangement	1,568
Total addition of right-of-use assets	1,595

The expenses charged to profit or loss during the financial year are as follows:-

	<b>Group 2024 RM'000</b>	<b>2023 RM'000</b>
Depreciation of right-of-use assets	101	94
Interest expense on lease liabilities	20	7
Short-term leases	160	8

The Group leases several office premises with lease terms that run from 1 to 3 years with options to renew exercisable by the Group ranging from 1 to 3 years.

**9.1 Material accounting policy information**As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.



## 9. RIGHT-OF-USE-ASSETS (cont'd)

### 9.1 Material accounting policy information (cont'd)

#### As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are as follows:

Motor vehicle	5 years
Office premises	Over lease term

If right-of-use asset relates to a class of plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of plant and equipment.

The right-of-use assets and lease liabilities are presented as a separate line in the statement of financial position.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Company is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

**10. INTANGIBLE ASSETS**

	<b>Software RM'000</b>	<b>Software development costs RM'000</b>	<b>Trademark RM'000</b>	<b>Total RM'000</b>
<b>2024</b>				
<b>Group Cost</b>				
At 1 January	1,240	679	6	1,925
Additions	48	3,688	-	3,736
At 31 December	1,288	4,367	6	5,661
<b>Accumulated Amortisation</b>				
At 1 January	41	-	-	41
Charge for the financial year	132	-	-	132
At 31 December	173	-	-	173
<b>Net Carrying Amount</b>				
At 31 December	1,115	4,367	6	5,488
<b>2023</b>				
<b>Group Cost</b>				
At 1 January	-	400	5	405
Additions	840	679	1	1,520
Reclassification	400	(400)	-	-
At 31 December	1,240	679	6	1,925
<b>Accumulated Amortisation</b>				
At 1 January	-	-	-	-
Charge for the financial year	41	-	-	41
At 31 December	41	-	-	41
<b>Net Carrying Amount</b>				
At 31 December	1,199	679	6	1,884
			<b>2024 RM'000</b>	<b>2023 RM'000</b>
<b>Trademark Company Cost</b>				
At 1 January			6	5
Addition			-	1
At 31 December, representing net carrying amount			6	6

## 10. INTANGIBLE ASSETS (cont'd)

### **Impairment testing for software development costs not yet available for use**

Irrespective of whether there is any indication of impairment, an entity shall test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. Accordingly, the Group has assessed for impairment on software development costs not yet available for use. The recoverable amounts of software development costs are determined based on value-in-use ("VIU") calculations using discounted cash flow projections from financial forecasts and projections approved by the Board of Directors.

The calculation of VIU for the software development costs is most sensitive to growth rates and pre-tax discount rates.

Based on the impairment assessment performed, the recoverable amounts of the CGUs were estimated to be higher than their respective CGU assets, and accordingly, no impairment loss was recognised for the financial year ended 31 December 2024.

### **10.1 Material accounting policy information**

#### **Software**

Software relates to the internally generated Manufacturing Executive System ("MES") developed by the Group and other software acquired and are available for use. Software is measured at cost less accumulated amortisation and accumulated impairment losses. Software is assessed for impairment whenever there are indications of impairment.

Software is amortised based on the estimated useful lives of the assets as follows:

MES	10 years
Other software	5 years

Amortisation expenses are recognised in the "cost of sales" line item of the statements of comprehensive income.

#### **Software development costs**

Software development costs comprise mainly internal costs for the development of various software, including AI development and enhancements for various applications for business analyses and predictions, business location optimisations, large-language models and additional MES module developments, and are not yet available for use.

Software development costs are expensed as incurred during research phase. Software development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Costs incurred during the development phase are capitalised as intangible assets when all the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure during development phases can be reliably measured.

## **10. INTANGIBLE ASSETS (cont'd)**

### **10.1 Material accounting policy information (cont'd)**

#### Software development costs (cont'd)

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Software development costs are stated at cost less any accumulated impairment losses incurred during the period of development and are in progress. No amortisation charge is recognised as the software is not yet available for use as at the reporting date. The cost will be transferred to software once available for intended use.

#### Trademark

Trademark relates to the intellectual property registered by the Group and the Company with an estimated useful life of 10 years. The amortisation is immaterial to be recognised.

### **10.2 Use of estimates and judgements**

#### Capitalisation of software development costs

Management monitors progress of software development costs on an ongoing basis in accordance with the Group's policy.

Management capitalises qualifying expenditure incurred in the development phase of a development project in accordance with the recognition principles of MFRS 138 *Intangible Assets* and is based on management's judgements and estimates.

#### Impairment review of intangible assets

Intangible assets that are available for use are assessed as at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required.

Intangible assets that are not yet available for use shall be tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication of impairment.

The recoverable amount is higher of an intangible asset's fair value less cost to sell and its VIU. Estimating the VIU requires management to make estimates of the expected future cash flow projections from individual assets or CGUs, including the appropriate discount rate.

**11. INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	36,099	36,099
Add: Addition	550	-
Less: Disposal	(5,925)	-
At end of the financial year	30,724	36,099
Less: Accumulated impairment loss		
At beginning of the financial year	(35,999)	(35,999)
Disposal	5,925	-
At end of the financial year	(30,074)	(35,999)
<b>Net carrying amount</b>	<b>650</b>	<b>100</b>

Details of the subsidiaries are as follows:

<b>Name of companies</b>	<b>Country of incorporation and principal place of business</b>	<b>Effective equity interest</b>		<b>Principal activities</b>
		<b>2024</b>	<b>2023</b>	
		<b>%</b>	<b>%</b>	
Asian Technology Resources Sdn. Bhd.* # ^	Malaysia	-	100.00	Provision of car park management services and investment holding
FSBM CTech Sdn. Bhd. #	Malaysia	100.00	100.00	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.* #	Malaysia	100.00	100.00	Investment holding
C2M Elite Sdn. Bhd * # ↵ (Formerly known as FSBM I-Centre Sdn. Bhd.)	Malaysia	100.00	100.00	Development and delivery of multimedia learning and teaching products and

**11. INVESTMENT IN SUBSIDIARIES**

Details of the subsidiaries are as follows: (cont'd)

Name of companies	Country of incorporation and principal place of business	Effective equity interest		Principal activities
		2024 %	2023 %	
FSBM I-Command Sdn. Bhd.* #	Malaysia	100.00	100.00	Development of intelligent city, municipal and building solutions and the provision of related engineering services
FSBM I-Design Sdn. Bhd.	Malaysia	100.00	100.00	Provider of enterprise-wide ICT and systems integration services
FSBM Mes Elite Sdn. Bhd.	Malaysia	100.00	100.00	Provision of industry digitalisation, transformation, internet of things ("IOT"), smart manufacturing solutions and provisions of development in manufacturing execution system (MES) software and system integration services
FSBM Mantissa (Malaysia) Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM M2B Sdn. Bhd.* # ("FSBM M2B")	Malaysia	53.66	53.66	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.* #	Malaysia	100.00	100.00	Property management
Jaring Sekitar Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management and investment holding

## 11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of companies	Country of incorporation and principal place of business	Effective equity interest		Principal activities
		2024 %	2023 %	
MyUnos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart 360 Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Solutions Sdn. Bhd.	Malaysia	100.00	100.00	Provider of network security solutions and other information technology related services

### Subsidiary of Asian Technology Resources Sdn. Bhd.

Televas Holdings Sdn. Bhd. ("Televas")* °	Malaysia	-	51.00	Project management
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\* Not audited by Moore Stephens Associates PLT.

# Currently inactive.

^ Disposal of 100% interests in a subsidiary.

° Disposal of 100% interests in its holding company.

↪ Change of name to C2M Elite Sdn. Bhd. on 20 January 2025.

### Additional investment in subsidiaries

On 5 December 2024, the Company had further subscribed 400,000 and 150,000 ordinary shares in FSBM MES Elite Sdn. Bhd. And FSBM I-Design Sdn. Bhd. via capitalisation of amounts owing by the subsidiaries of RM400,000 and RM150,000, respectively. No change to the Company's effective equity interest of 100% in FSBM MES Elite Sdn. Bhd and FSBM I-Design Sdn. Bhd.

### Disposal of a subsidiary

On 23 July 2024, the Group had entered into a Share Sale and Purchase Agreement ("Agreement") with Dato' Tan Hock San @ Tan Hock Ming ("Dato' Tan") and Tan Ee Ern ("TEE") (collectively referred as "Purchasers") to dispose of its entire shareholding in Asian Technology Resources Sdn Bhd ("ATR"), comprising of 2,500,000 ordinary shares and 7,100,000 preference shares in ATR for a total cash consideration of RM3.

The disposal includes ATR's 51% equity interest in Televas.

**11. INVESTMENT IN SUBSIDIARIES (cont'd)**

**Disposal of a subsidiary (cont'd)**

- (i) Profit attributable to the disposed subsidiary was as follows:

	<b>ATR Group 01.01.2024 to 23.07.2024 RM'000</b>
<b>Group</b>	
Revenue	88
Cost of sales	(51)
<b>Gross profit</b>	<u>37</u>
Other income	7
Other expenses	(11)
<b>Profit net of tax, representing total comprehensive income for the financial period</b>	<u><u>33</u></u>
<b>Total comprehensive income attributable to:</b>	
Owners of the Company	16
Non-controlling interests	17
	<u><u>33</u></u>

- (ii) The net cash flows of the disposed subsidiary before intra-group elimination of the subsidiary were as follows:

	<b>ATR Group 01.01.2024 to 23.07.2024 RM'000</b>
<b>Group</b>	
<b>Cash flows (used in)/from operations</b>	
Net cash used in operating activities	(1)
Net cash from financing activities	12
	<u><u>11</u></u>



**11. INVESTMENT IN SUBSIDIARIES (cont'd)**

**Disposal of a subsidiary (cont'd)**

- (iii) The summary of the effect of the disposed subsidiary to the financial position of the Group was as follows:

	<b>ATR Group 01.01.2024 to 23.07.2024 RM'000</b>
<b>Group</b>	
Trade receivables	10
Cash and cash equivalents	11
Trade payables	(23)
Other payables	(21)
	<hr/>
<b>Net liabilities of disposed subsidiary</b>	(23)
NCI	8
Gain on disposal of subsidiary	15
	<hr/>
<b>Total consideration</b>	-
Less: Consideration receivable	*
	<hr/>
<b>Consideration received</b>	*
Cash and cash equivalents disposed	(11)
	<hr/>
Net cash outflow	(11)
	<hr/> <hr/>
<b>Company</b>	
Proceeds from disposal of subsidiary	*
Less: Cost of investment, net of impairment	-
	<hr/>
Gain on disposal of subsidiary	*
	<hr/> <hr/>

\* *representing RM3.*

**11. INVESTMENT IN SUBSIDIARIES (cont'd)****Non-controlling interests in subsidiaries**

The Group's subsidiaries that have non-controlling interest ("NCI") are as follows:

	<b>FSBM M2B</b>	<b>Televas</b>	<b>Total</b>
<b>Group</b>			
<b>2024</b>			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	
Carrying amount of NCI (RM'000)	(176)	-	(176)
Share of equity contribution by the Company (RM'000)	655	1,275	1,930
(Loss)/profit allocated to NCI (RM'000)	<u>(2)</u>	<u>17</u>	<u>15</u>
<b>2023</b>			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	
Carrying amount of NCI (RM'000)	(828)	(1,301)	(2,129)
Loss allocated to NCI (RM'000)	<u>(3)</u>	<u>(64)</u>	<u>(67)</u>

*The NCI information in respect of Televas is up to the date of disposal.*

The summarised financial information (before intra-group eliminations) of the subsidiaries that have NCI as at the end of each reporting period (or up to the date of disposal) is as follows:

	<b>FSBM M2B RM'000</b>	<b>Televas RM'000</b>
<b>Group</b>		
<b>2024</b>		
<b>Assets and liabilities</b>		
Current assets	2	-
Current liabilities	<u>(382)</u>	<u>-</u>
Net liabilities	<u>(380)</u>	<u>-</u>
<b>Results</b>		
Revenue	-	88
Profit for the financial year, representing total comprehensive income for the financial year	<u>(5)</u>	<u>35</u>
<b>Cash flows (used in)/from:</b>		
- Operating activities	<u>(5)</u>	<u>35</u>

# 11. INVESTMENT IN SUBSIDIARIES (cont'd)

## **Non-controlling interests in subsidiaries** (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have NCI as at the end of each reporting period (or up to the date of disposal) is as follows: (cont'd)

	FSBM M2B RM'000	Televas RM'000
<b>2023</b>		
<b>Assets and liabilities</b>		
Current assets	2	-
Current liabilities	<u>(1,788)</u>	<u>(2,655)</u>
Net liabilities	<u>(1,786)</u>	<u>(2,655)</u>
<b>Results</b>		
Revenue	-	128
Loss for the financial year, representing total comprehensive income for the financial year	<u>(7)</u>	<u>(130)</u>
<b>Cash flows (used in)/from:</b>		
- Operating activities	<u>(7)</u>	<u>50</u>

# 12. DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group	
	2024 RM'000	2023 RM'000
At beginning of the financial year	(177)	(102)
Recognised in profit or loss (Note 6)	<u>(147)</u>	<u>(75)</u>
At end of the financial year	<u>(324)</u>	<u>(177)</u>
<b>Represented by:</b>		
Deferred tax assets	(394)	(278)
Deferred tax liabilities	<u>70</u>	<u>101</u>
	<u>(324)</u>	<u>(177)</u>

**12. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)**

The components and movements of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows:

	At 1 January 2024 RM'000	Recognised in profit or loss (Note 6) RM'000	At 31 December 2024 RM'000
<b>Group</b>			
<b>Deferred tax liabilities</b>			
Differences between plant and equipment and its tax base	101	296	397
Differences between right-of-use assets and its tax base	-	315	315
	<u>101</u>	<u>611</u>	<u>712</u>
<b>Deferred tax assets</b>			
Differences between lease liabilities and its tax base	-	(327)	(327)
Unutilised tax losses	(278)	54	(224)
Unabsorbed capital allowances	-	(475)	(475)
Other deductible temporary differences	-	(10)	(10)
	<u>(278)</u>	<u>(758)</u>	<u>(1,036)</u>
	<u>(177)</u>	<u>(147)</u>	<u>(324)</u>
	At 1 January 2023 RM'000	Recognised in profit or loss (Note 6) RM'000	At 31 December 2023 RM'000
<b>Group</b>			
<b>Deferred tax liabilities</b>			
Differences between plant and equipment and its tax base	186	(85)	101
Differences between right-of-use assets and its tax base	41	(41)	-
	<u>227</u>	<u>(126)</u>	<u>101</u>
<b>Deferred tax assets</b>			
Differences between lease liabilities and its tax base	(41)	41	-
Unutilised tax losses	(268)	(10)	(278)
Other deductible temporary differences	(20)	20	-
	<u>(329)</u>	<u>51</u>	<u>(278)</u>
	<u>(102)</u>	<u>(75)</u>	<u>(177)</u>

**12. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)**

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	118,740	119,503	62,945	62,945
Unabsorbed capital allowances	466	1,849	415	415
Other deductible temporary differences	25	2	-	-
	<u>119,231</u>	<u>121,354</u>	<u>63,360</u>	<u>63,360</u>

The material accounting policy information is as disclosed in Note 6.1.

**12.1 Use of estimates and judgements**

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

**13. INVENTORIES**

Inventories of the Group comprise goods for future development project use and are measured at cost.

**14. TRADE RECEIVABLES**

		<b>Group</b>		<b>Company</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External parties	(a)	8,522	6,625	-	-
Subsidiaries	(b)	-	-	2,394	2,020
Related party	(b)	-	16	-	-
		<u>8,522</u>	<u>6,641</u>	<u>2,394</u>	<u>2,020</u>

The normal credit terms of trade receivables of the Group and of the Company range from 1 to 90 days (2023: 1 to 90 days).

#### 14. TRADE RECEIVABLES (cont'd)

- (a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") amounting to RM25,319,000 which has been fully written off in the financial year ended 31 December 2021. Details are as follows:

In furtherance to the actions brought by FSBM Holdings Berhad ("FSBM") and FSBM CTech Sdn. Bhd. ("FSBM CTech") against TSB for the recovery of debts amounting to RM8,563,212.64 and RM32,409,434.77 respectively, FSBM CTech has filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1<sup>st</sup> Defendant, Haliza Binti Bidin as 2<sup>nd</sup> Defendant, Mariana Binti Ahmad Tahar as 3<sup>rd</sup> Defendant, and TSB as 4<sup>th</sup> Defendant.

The case remained ongoing over the years and on 23 May 2022, FSBM and FSBM Ctech had filed 2 Judgment Debtor Summons against the Directors of TSB respectively for the outstanding RM135,200 costs granted by the High Court. Hearing was held on 2 March 2023. The final decision was as follows:

- (i) The 1<sup>st</sup> Judgement Debtor, Azman to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM3,000 effective March 2023 on/before the 7<sup>th</sup> of each month until full settlement of the outstanding amount of RM118,720;
- (ii) Cost of RM500 to be paid by the first Judgement Debtor to the Judgement Creditors;
- (iii) The 2<sup>nd</sup> Judgement Debtor, Haliza to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM200 effective March 2023 on/before the 7<sup>th</sup> of each month until full settlement of the outstanding sum of RM118,720; and
- (iv) Cost of RM500 to be paid by the 2<sup>nd</sup> Judgement Debtor to the Judgement Creditors.

Despite the decision of the High Court, the probable cash inflow is in doubt as TSB is going through liquidation. On 16 August 2024, bankruptcy proceedings were initiated against Azman and Haliza. On 8 January 2025, bankruptcy orders were issued to both individuals. The Group and the Company did not recognise any income from this litigation and will recognise the income on a receipt basis, if any.

- (b) These amounts are trade in nature, unsecured, interest-free and are subject to normal trade credit terms.

#### 15. CONTRACT ASSETS/(LIABILITIES)

		Group	
	Note	2024 RM'000	2023 RM'000
<b>Represented by:</b>			
Contract assets	(i)	407	116
Contract liabilities	(ii)	(36)	(464)
		<u>371</u>	<u>(348)</u>

**15. CONTRACT ASSETS/(LIABILITIES) (cont'd)**

- (i) Contract assets primarily relate to the Company's right to consideration for work completed on service contract but not yet billed as at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the year	116	818
Revenue recognised during the year (Note 4)	7,462	9,540
Billing during the year	<u>(7,171)</u>	<u>(10,242)</u>
At end of the year	<u>407</u>	<u>116</u>

- (ii) Contract liabilities primarily relate to the amount billed to customers in advance prior to satisfaction of performance obligations for the service contracts.

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the year	(464)	-
Revenue recognised during the year (Note 4)	1,688	1,602
Billing during the year	<u>(1,260)</u>	<u>(2,066)</u>
At end of the year	<u>(36)</u>	<u>(464)</u>

Contract liabilities at the beginning of the financial year amounting to RM464,000 (2023: Nil) have been recognised as revenue in the current financial year.

**16. OTHER RECEIVABLES**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>					
Prepayments - license fee	(a)	<u>2,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current</b>					
Lease receivables	(b)	-	145	-	-
Other receivables					
- External parties		217	90	-	-
- Subsidiaries	(c)	-	-	15,043	7,061
Deposits		534	193	-	-
Prepayments - license fee	(a)	444	-	-	-
Prepayments - others		<u>705</u>	<u>931</u>	<u>6</u>	<u>6</u>
		<u>1,900</u>	<u>1,359</u>	<u>15,049</u>	<u>7,067</u>
<b>Total other receivables, gross</b>		<u>4,083</u>	<u>1,359</u>	<u>15,049</u>	<u>7,067</u>

**16. OTHER RECEIVABLES (cont'd)**

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Accumulated impairment loss</b>					
- Subsidiaries					
At 1 January		-	-	(688)	(175)
Addition		-	-	(18)	(513)
At 31 December		-	-	(706)	(688)
<b>Total other receivables, net</b>		<u>4,083</u>	<u>1,359</u>	<u>14,343</u>	<u>6,379</u>

- (a) On 6 December 2024, C2M Elite Sdn. Bhd. ("C2M Elite") entered into an agreement with Synergies Intelligent Systems Inc. ("Synergies") to jointly explore and develop the Malaysian and Southeast Asian markets for consumer-to-manufacturer ("C2M") services focused on customised machining parts.

As part of this agreement, C2M Elite made a prepayment of USD600,000 (equivalent to RM2,664,075) in connection with an exclusive license granted by Synergies. This license allows C2M Elite to utilise Synergies' technological products over a six-year period to support the promotion and operation of the C2M platform.

- (b) This amount is arising from finance lease arrangements with an external party for the supply of machinery. The lease arrangements have a lease term of 12 months and carry interest rates ranging from 2.60% to 2.87% per annum. Finance lease interest is disclosed in Note 5.

The following table sets out the maturity analysis of lease receivables, showing undiscounted lease payments to be received after the end of the financial year.

	Group	
	2024 RM'000	2023 RM'000
<b>Future minimum finance lease receivables:</b>		
- Less than 1 year	-	166
Unearned interest income	-	(21)
Total present value of minimum finance lease receivables	<u>-</u>	<u>145</u>

- (c) These amounts are non-trade in nature, unsecured, interest-free and are collectible on demand.



**17. OTHER INVESTMENT**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value through profit or loss</b>		
- Investment in quoted shares outside Malaysia		
At beginning of the financial year	7	4
Fair value gain	-	3
At end of the financial year	<u>7</u>	<u>7</u>

**18. SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Unit '000</b>	<b>Unit '000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid:</b>				
At 1 January	481,200	177,750	21,367	24,314
Issuance of ordinary shares pursuant to:				
- Conversion of Warrants	31,103	6,791	1,555	339
- Capital reduction	-	-	-	(14,292)
- Share issuance	-	60,000	-	4,594
- Rights issue with Warrants	-	236,659	-	6,412
At 31 December	<u>512,303</u>	<u>481,200</u>	<u>22,922</u>	<u>21,367</u>

In the previous financial year, the Company increased its issued ordinary shares from RM24,314,000 to RM35,659,341 by way of issuance of:

- (i) 60,000,000 new ordinary shares at an issue price of RM0.08 per share representing approximately 30% of FSBM's enlarged issued shares after the shares issuance to the Subscribers. The expenses of RM206,110 was attributed to issuance of new shares.
- (ii) 236,659,300 new ordinary shares at an issue price of RM0.03 per share pursuant to the rights issue for the purpose of raising working capital. The expenses of RM687,034 was attributed to issuance of rights issue with warrants.
- (iii) 6,790,450 new ordinary shares at an issue price of RM0.05 per share pursuant to the exercise of Warrants B 2023/2028 ("Warrants B"); and

On 26 September 2023, the Company completed the capital reduction of RM14,292,450 pursuant to Section 116 of the Companies Act 2016 to reduce share capital of the Company from RM35,659,341 to RM21,366,891.

During the financial year, the Company increased its issued and paid-up capital from RM21,366,891 to RM22,922,027 by the issuance of 31,102,720 new ordinary shares at an issue price of RM0.05 per share pursuant to the conversion of Warrants B 2023/2028 ("Warrants B").

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## 18. SHARE CAPITAL (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 19. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Such treasury shares are held at carrying amount of RM712,000 (2023: RM712,000) as at financial year end. As at 31 December 2024, the Company had a total of 1,090,700 (2023: 1,090,700) ordinary shares of its 512,302,470 (2023: 481,199,750) ordinary shares as treasury shares.

## 20. RESERVES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital reduction reserve	(a)	3,624	3,624	-	-
Warrants reserve	(b)	1,395	1,936	1,395	1,936
Other reserve	(c)	(1,395)	(1,936)	(1,395)	(1,936)
		<u>3,624</u>	<u>3,624</u>	<u>-</u>	<u>-</u>

### (a) Capital reduction reserve

The capital reserve arose from the excess capital reduction pursuant to Section 116 of Companies Act 2016 to reduce the share capital of the Company.

### (b) Warrants reserve

#### Warrants B 2023/2028

On 26 September 2023, the Company listed and quoted of 118,329,650 free detachable Warrants B pursuant to the renounceable rights issue with Warrants on the basis of 1 warrant for every 2 rights share. The warrants are constituted by a Deed Poll dated 17 August 2023. The salient features of the warrants are as follows:

- (i) Conversion to ordinary shares at an exercise price of RM0.05 per warrant;
- (ii) The exercise price of the warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;
- (iii) The warrant holders are not entitled to any voting rights or to participate in any distribution, rights, allotments and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares; and
- (iv) The warrants are for a period of five years and expire on 18 September 2028.

## 20. RESERVES (cont'd)

### (b) Warrants reserve (cont'd)

The fair value of the Warrants was determined based on the fair value of warrants immediately upon the listing and quotation on 26 September 2023 thereof at RM0.0174 per warrant.

As at 31 December 2024, the total number of Warrants B 2023/2028 that remained unexercised amounted to 80,436,480 (2023: 111,539,200).

### (c) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

## 20.1 Material accounting policy information

### Warrant reserve

#### Rights Issue with Detachable Warrants

Total proceeds received by the Company arising from the Rights issue with Warrants have been allocated to two types of equity instruments i.e. share capital and warrants. Fair value of Rights Issue and Warrants are adjusted for the apportionment of its relative fair value between share capital and warrants. The amount allocated to warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to other reserve.

## 21. LEASE LIABILITIES

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Future minimum lease payments:</b>		
- not later than 1 year	347	60
- later than 1 year but not later than 2 years	327	20
- later than 2 years but not later than 5 years	1,245	-
	1,919	80
Less: Unexpired finance charges	(323)	(3)
Total present value of minimum lease payments	1,596	77
<b>Present value of lease liabilities:</b>		
- not later than 1 year	251	58
- later than 1 year but not later than 2 years	247	19
- later than 2 years but not later than 5 years	1,098	-
	1,596	77

**21. LEASE LIABILITIES (cont'd)**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Represented by:</b>		
Current liabilities	251	58
Non-current liabilities	1,345	19
	<u>1,596</u>	<u>77</u>

The lease liabilities bear effective interest rates ranging from 4.70% to 6.77% (2023: 5.63%) per annum.

The material accounting policy information is as disclosed in Note 9.1.

**22. TRADE PAYABLES**

The normal trade credit terms granted by trade creditors to the Group and to the Company range from 30 to 60 days (2023: 1 to 60 days).

**23. OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other payables				
- External parties	693	783	18	323
- Subsidiaries	-	-	3,911	8,791
Accruals	493	547	133	124
Amounts owing to Directors	(a) <u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>1,189</u>	<u>1,333</u>	<u>4,062</u>	<u>9,238</u>

(a) These amounts are non-trade in nature, unsecured, interest-free, and are repayable on demand.

**24. RELATED PARTY TRANSACTIONS**Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, related parties, Directors and key management personnel. Related parties refer to companies in which certain Director of the Company have substantial financial interests and/or are also Directors of the companies.

## 24. RELATED PARTY TRANSACTIONS (cont'd)

### Identity of related parties (cont'd)

The related parties' balance is disclosed in Notes 14, 16 and 23 respectively.

### Related party transactions

Related parties' transactions during the financial year are as follows:

	2024 RM'000	2023 RM'000
<b>Group</b>		
<b>Transactions with Directors</b>		
Advance from/(repayment to)	9	(27)
Disposal of subsidiary	*	-
	<hr/>	<hr/>
<b>Transaction with a related party</b>		
Repayment from	16	400
	<hr/>	<hr/>
<b>Company</b>		
<b>Transactions with Directors</b>		
Repayment to	-	(2)
Disposal of subsidiary	*	-
	<hr/>	<hr/>
<b>Company</b>		
<b>Transactions with subsidiaries</b>		
Management fee income	(874)	(923)
Allotment of shares	550	-
Equity contribution - waiver:		
- C2M Elite Sdn. Bhd. (formerly known as FSBM I-Centre Sdn. Bhd.)	2,066	-
- Televas Holdings Sdn. Bhd.	2,409	-
- FSBM MES Elite Sdn. Bhd.	5,152	-
- FSBM M2B Sdn. Bhd.	1,412	-
- FSBM Ctech Sdn. Bhd.	7,670	-
Waiver of amounts due to subsidiaries:		
- Televas Holdings Sdn. Bhd.	(4,180)	-
- Asian Technology Resources Sdn. Bhd.	(635)	-
Advances to	(7,982)	(949)
Repayment to	(65)	(157)
	<hr/>	<hr/>

\* representing RM3.

### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel is made up of all the Directors and certain Officer of the Company and its subsidiaries.

**24. RELATED PARTY TRANSACTIONS (cont'd)**Compensation of key management personnel (cont'd)

The remunerations paid by the Group and the Company to Directors during the financial year have been disclosed in Note 5(a). The remunerations paid by the Group to key senior management other than Directors are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and bonus	713	325	593	195
Contributions to defined contribution plan	86	33	71	19
Social security contributions	4	2	3	1
	<u>803</u>	<u>360</u>	<u>667</u>	<u>215</u>

**25. OPERATING SEGMENTS**

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Intelligent application and digital solutions	<ul style="list-style-type: none"> <li>i. Development of web-based and mobile platforms for customers;</li> <li>ii. Refurbishment of pre-owned Information Technology ("IT") hardware;</li> <li>iii. Leasing of IT hardware and equipment;</li> <li>iv. After-sales service following the completion of platform design and development projects; and</li> <li>v. Trading of hardware</li> </ul>
Smart manufacturing solutions	Provide manpower services in respect of system integration, commissioning and setup services
Managed security service	Provider of network security solutions
Others	Principal activities related to management fee and other services, if any

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

**Segment assets**

Segment assets are measured based on all assets of the segment, excluding deferred tax assets.

**Segment liabilities**

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax payables.

**25. OPERATING SEGMENTS** (cont'd)

**Geographical segments**

The Group's operations are located in Malaysia, Hong Kong and Philippines. Revenue generated from Hong Kong and Philippines operations as at financial year ended were RM975,867 and RM648,997 (2023: RM4,204,834 and RM1,130,391) representing 5.7% and 3.8% (2023: 32.8% and 8.8%) of the Group's total revenue respectively. There are no non-current assets located in Hong Kong and Philippines.

**25. OPERATING SEGMENTS (cont'd)**

	Note	Intelligent Application and Digital Solutions RM'000	Managed Security Service RM'000	Smart Manu- facturing solutions RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
<b>2024</b>							
External revenue		12,385	649	4,143	-	-	17,177
Inter segment sales	(a)	-	-	416	874	(1,290)	-
Total revenue		<u>12,385</u>	<u>649</u>	<u>4,559</u>	<u>874</u>	<u>(1,290)</u>	<u>17,177</u>
<b>Results</b>							
Depreciation of plant and equipment		635	2	30	-	-	667
Depreciation of right-of-use assets		92	-	9	-	-	101
Amortisation of intangible assets		-	-	132	-	-	132
Other non-cash expense	(b)	31	-	-	-	-	31
Operating profit		2,840	263	(347)	4,821	(6,516)	1,061
Interest expense		(18)	-	(2)	-	-	(20)
Tax expense		309	(38)	(278)	(24)	-	(31)
Profit net of tax		<u>3,131</u>	<u>225</u>	<u>(627)</u>	<u>4,797</u>	<u>(6,516)</u>	<u>1,010</u>
<b>Assets</b>							
Addition to:-							
Non-current assets	(c)	6,581	-	2,770	2,183	(27)	11,507
Segment assets	(d)	<u>21,845</u>	<u>917</u>	<u>6,936</u>	<u>21,410</u>	<u>(22,553)</u>	<u>28,555</u>
<b>Liabilities</b>							
Segment liabilities	(e)	<u>31,469</u>	<u>792</u>	<u>6,326</u>	<u>13,897</u>	<u>(49,609)</u>	<u>2,875</u>



**25. OPERATING SEGMENTS** (cont'd)

	Note	Intelligent Application and Digital Solutions RM'000	Managed Security Service RM'000	Smart Manu- facturing solutions RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
<b>2023</b>							
External revenue		10,197	1,131	1,506	-	-	12,834
Inter segment sales	(a)	387	-	71	923	(1,381)	-
Total revenue		<u>10,584</u>	<u>1,131</u>	<u>1,577</u>	<u>923</u>	<u>(1,381)</u>	<u>12,834</u>
<b>Results</b>							
Depreciation of plant and equipment		457	1	2	-	-	460
Depreciation of right-of-use assets		94	-	-	-	-	94
Amortisation of intangible assets		-	-	41	-	-	41
Other non-cash expense	(b)	(15)	-	-	(7)	-	(22)
Operating profit		3,510	(14)	172	(2,012)	533	2,189
Interest expense		(7)	-	-	-	-	(7)
Tax expense		(321)	-	-	(1)	-	(322)
Profit/(loss) net of tax		<u>3,182</u>	<u>(14)</u>	<u>172</u>	<u>(2,013)</u>	<u>533</u>	<u>1,860</u>
<b>Assets</b>							
Addition to:-							
Non-current assets	(c)	578	11	1,258	10	-	1,857
Segment assets	(d)	<u>10,472</u>	<u>551</u>	<u>3,581</u>	<u>20,170</u>	<u>(9,135)</u>	<u>25,639</u>
<b>Liabilities</b>							
Segment liabilities	(e)	<u>20,415</u>	<u>689</u>	<u>8,189</u>	<u>34,895</u>	<u>(62,170)</u>	<u>2,018</u>

**25. OPERATING SEGMENTS** (cont'd)

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other material non-cash expenses consist of the following items as presented in the respective notes to the consolidated financial statements:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value gain on other investment	-	(3)
Unrealised loss/(gain) on foreign exchange	31	(19)
	<u>31</u>	<u>(22)</u>

- (c) Additions to non-current assets consist of:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant and equipment	3,993	337
Intangible assets	3,736	1,520
Right-of-use-assets	1,595	-
Prepayment	2,183	-
	<u>11,507</u>	<u>1,857</u>

- (d) Reconciliation of assets

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segments assets</b>	28,555	25,639
Deferred tax assets	394	278
Tax recoverable	205	-
<b>Total assets</b>	<u>29,154</u>	<u>25,917</u>

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Intangible assets	(85)	(58)
Investments in subsidiaries	(650)	(100)
Elimination of inter-segment transactions	(21,818)	(8,977)
	<u>(22,553)</u>	<u>(9,135)</u>

## 25. OPERATING SEGMENTS (cont'd)

### (e) Reconciliation of liabilities

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segments liabilities</b>	2,875	2,018
Deferred tax liabilities	70	101
Tax payable	-	162
<b>Total liabilities</b>	<b>2,945</b>	<b>2,281</b>

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Elimination of inter-segment transactions	(49,609)	(62,170)

## 26. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The Group and the Company categorised their financial assets (excluding prepayments) and financial liabilities at amortised cost respectively, except for other investment as disclosed in Note 12 which have been categorised as fair value through profit and loss.

### Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and foreign exchange risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

## 26. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables (which consist of trade and other receivables), amounts due from subsidiaries and cash and cash equivalents. There are no significant changes as compared to prior years.

#### **Trade receivables and contract assets**

##### **Exposure to credit risk, credit quality and collateral**

As at the end of the financial year, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

##### **Credit risk concentration profile**

The Group and the Company determine concentration of credit risk by monitoring the profiles of their trade receivables on an ongoing basis.

At the reporting date, approximately 45% and 88% (2023: 49% and 88%) of the Group's and the Company's gross trade receivables were due from 4 and 2 (2023: 3 and 2) customers respectively.

##### **Recognition and measurement of impairment loss**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for trade receivable and contract assets.

The Group and the Company assess impairment of trade receivables and contract assets on an individual basis as the number of debtors is minimal and these debtors can be individually managed by the Group and the Company in an effective and efficient manner. The Group and the Company have reasonable and supportable information available to assess the impairment individually.

Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored closely.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the management team. Where necessary, the Group will also commence legal proceeding against the customers.

**26. FINANCIAL INSTRUMENTS (cont'd)****Financial Risk Management Objectives and Policies (cont'd)****(a) Credit risk (cont'd)****Trade receivables and contract assets (cont'd)****Impairment losses**

The following table provides information about the exposure to credit risk and ECL for trade receivables as 31 December 2024 and 31 December 2023:

	<b>Gross RM'000</b>	<b>Impairment losses RM'000</b>	<b>Net RM'000</b>
<b>Group</b>			
<b>2024</b>			
<b>Trade receivables</b>			
Not past due	1,206	-	1,206
Past due:			
Less than 30 days	1,166	-	1,166
31 days to 60 days	929	-	929
61 days to 90 days	1,113	-	1,113
More than 90 days	4,108	-	4,108
	<u>7,316</u>	<u>-</u>	<u>7,316</u>
	8,522	-	8,522
<b>Contract assets (Note 15)</b>	<u>407</u>	<u>-</u>	<u>407</u>
	<u>8,929</u>	<u>-</u>	<u>8,929</u>
<b>2023</b>			
<b>Trade receivables</b>			
Not past due	3,120	-	3,120
Past due:			
Less than 30 days	686	-	686
31 days to 60 days	613	-	613
61 days to 90 days	339	-	339
More than 90 days	1,883	-	1,883
	<u>3,521</u>	<u>-</u>	<u>3,521</u>
	6,641	-	6,641
<b>Contract assets (Note 15)</b>	<u>116</u>	<u>-</u>	<u>116</u>
	<u>6,757</u>	<u>-</u>	<u>6,757</u>

## 26. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (b) Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

#### Impairment losses (cont'd)

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>Company</b>			
<b>2024</b>			
<b>Trade receivables</b>			
Not past due	131	-	131
Past due:			
Less than 30 days	82	-	82
31 days to 60 days	84	-	84
61 days to 90 days	90	-	90
More than 90 days	2,007	-	2,007
	<u>2,263</u>	<u>-</u>	<u>2,263</u>
	<u>2,394</u>	<u>-</u>	<u>2,394</u>
<b>2023</b>			
<b>Trade receivables</b>			
Not past due	255	-	255
Past due:			
Less than 30 days	67	-	67
31 days to 60 days	68	-	68
61 days to 90 days	50	-	50
More than 90 days	1,580	-	1,580
	<u>1,765</u>	<u>-</u>	<u>1,765</u>
	<u>2,020</u>	<u>-</u>	<u>2,020</u>

#### Receivables that are not past due

Trade receivables that are not past due are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group and the Company.

## 26. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (a) Credit risk (cont'd)

##### Trade receivables and contract assets (cont'd)

##### **Impairment losses** (cont'd)

##### Receivables that are past due but not impaired

The Group and the Company have not provided for these trade receivables as there has been no significant change in their credit quality. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group and the Company do not hold any collateral or other credit enhancement over these balances.

As at reporting date, these trade receivables that are past due have not been impaired as considerable amounts have been received from these receivables subsequent to year end.

##### Other receivables and deposits

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

##### Amounts due from subsidiaries

The Company provides advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amount in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay their advances to the Company in full given insufficient highly liquid resources.

The Company determines the probability of default for these advances individually using internal information available.

The Company has provided allowances for expected credit losses in respect of the amounts due from subsidiaries as disclosed in Note 16.

**26. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

(a) Credit risk (cont'd)

**Cash and cash equivalents**

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and lease liabilities.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.



## 26. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

			<----- Contractual Cash Flows ----->		
	Carrying amount RM'000	Contractual cash flows RM'000	On demand/ Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000
<b>Group</b>					
<b>2024</b>					
<b>Financial liabilities</b>					
Trade payables	54	54	54	-	-
Other payables	1,189	1,189	1,189	-	-
Lease liabilities	1,596	1,919	347	327	1,245
	<u>2,839</u>	<u>3,162</u>	<u>1,590</u>	<u>327</u>	<u>1,245</u>
<b>2023</b>					
<b>Financial liabilities</b>					
Trade payables	144	144	144	-	-
Other payables	1,333	1,333	1,333	-	-
Lease liabilities	77	80	60	20	-
	<u>1,554</u>	<u>1,557</u>	<u>1,537</u>	<u>20</u>	<u>-</u>

## 26. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales transactions and balances that are denominated in a currency other than the functional currencies within the Group. The currencies giving rise to this risk are Hong Kong Dollar ("HKD") and United States Dollar ("USD").

Foreign exchange exposures in transactional currency other than functional currency of the Group are kept to an acceptable level.

#### Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2024 RM'000	2023 RM'000
<b>Group</b>		
<b>Denominated in HKD</b>		
Trade receivables	1,315	1,226
<b>Denominated in USD</b>		
Trade receivables	603	-
Other receivables	2,664	-
Cash at banks	68	94
Other payables	-	(107)
	<u>3,335</u>	<u>(13)</u>

#### Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currency at the end of the reporting period would have increased/(decreased) (loss)/profit after tax and equity by the amounts shown below:

	2024 Increase/ (Decrease) RM'000	2023 Increase/ (Decrease) RM'000
<b>Group</b>		
<b>Effect on profit after tax/equity:</b>		
<b>HKD/RM</b>		
Strengthened by 10%	100	93
Weakened by 10%	(100)	(93)
<b>USD/RM</b>		
Strengthened by 10%	253	(1)
Weakened by 10%	<u>(253)</u>	<u>1</u>

## 27. FAIR VALUES INFORMATION

### Financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets at fair values in the statements of financial position are disclosed below.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2024</b>					
<b>Group</b>					
<b>Financial Asset</b>					
Investment in marketable securities	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<b>2023</b>					
<b>Group</b>					
<b>Financial Asset</b>					
Investment in marketable securities	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

### Financial instruments other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values*

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory. As the Group and the Company have no external borrowings except lease liabilities relating to lease of office premises and motor vehicles, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company is not subject to any externally imposed capital requirements.

**29. CAPITAL COMMITMENT**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised and contracted for:</b>		
Addition of intangible assets	-	1,968
Addition of plant and equipment	105	-
	<u>105</u>	<u>1,968</u>
<b>Authorised and not contracted for:</b>		
Addition of intangible assets	<u>1,557</u>	<u>-</u>

**30. COMPARATIVE FIGURES**

Certain comparative figures are reclassified to conform with the current year's presentation.

	<b>Group</b>		<b>Company</b>	
	<b>As previously reported</b>	<b>As reclassified</b>	<b>As previously reported</b>	<b>As reclassified</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2023</b>				
<b>Statements of comprehensive income</b>				
Cost of sales	(5,915)	(5,956)	-	-
Other expenses	<u>(2,743)</u>	<u>(2,702)</u>	<u>-</u>	<u>-</u>
<b>Statements of financial position</b>				
<b>Current assets</b>				
Contract assets	-	116	-	-
<b>Current liabilities</b>				
Contract liabilities	<u>348</u>	<u>464</u>	<u>-</u>	<u>-</u>
<b>Statements of cash flows</b>				
<b>Cash Flows from Operating Activities</b>				
<i>Adjustments for:</i>				
Interest income:				
- finance lease	-	(10)	-	-
- bank interest	-	(21)	-	(21)
<i>Changes in working capital:</i>				
Receivables	(1,599)	(1,372)	-	-
Contract liabilities/(assets)	1,166	-	-	-
Contract assets	-	702	-	-
Contract liabilities	<u>-</u>	<u>464</u>	<u>-</u>	<u>-</u>

**30. COMPARATIVE FIGURES** (cont'd)

Certain comparative figures are reclassified to conform with the current year's presentation.  
(cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>As previously reported RM'000</b>	<b>As reclassified RM'000</b>	<b>As previously reported RM'000</b>	<b>As reclassified RM'000</b>
(cont'd)				
<b>Cash (used in)/from operations</b>				
Interest received	-	31	-	21
<b>Cash Flows from Investing Activities</b>				
Repayment to subsidiaries	-	-	-	(157)
Advance from/(repayment to) Directors	-	(27)	-	(2)
Purchase of plant and equipment	(110)	(337)	-	-
<b>Cash Flows from Financing Activities</b>				
Repayment to subsidiaries	-	-	(157)	-
Advance from/(repayment to) Directors	(27)	-	(2)	-